

Message Text

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16

ACTION OPIC-06

INFO OCT-01 AF-08 ISO-00 L-03 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 CEA-01

OES-06 /084 W

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R 211036Z APR 76

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 1343

INFO AMEMBASSY NAIROBI

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PASS OPIC

E.O. 11652: N/A

TAGS: EINV, TZ

SUBJECT: POLITICAL RISK CONVERTIBILITY INSURANCE
(OPIC)

REF: STATE A-1424

1. TANZANIA HAS NO STATED POLICY IN REGARD TIME PERIOD FOR CURRENCY CONVERTIBILITY. PROCEDURES, PRACTICES, AND DELAYS VARY ACCORDING TO TYPE OF TRANSFER AND LEVEL OF FOREIGN EXCHANGE RESERVES AT ANY GIVEN TIME. IN PAST TWO YEARS, TANGOV HAS EXPERIENCED SEVERE BALANCE OF PAYMENTS PRESSURE WITH EXCHANGE RESERVES AVERAGING ONLY ABOUT THREE WEEKS IMPORT COVER. TANGOV HAS TAKEN SPECIAL MEASURES TO CONSERVE LIMITED RESERVES, INCLUDING IN CERTAIN CASES DELAYING APPROVAL TO TRANSFER OF CURRENCY.

2. NORMALLY, BONA FIDE TRANSACTIONS INVOLVING FOREIGN PAYMENTS ARE FIRST APPROVED BY THE BANK OF TANZANIA (BOT). TRANSFERS OF PAYMENTS PREVIOUSLY APPROVED BY BOT ARE PROCESSED
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ROUTINELY AND PROMPTLY BY THE COMMERCIAL BANK. UNLESS THERE

QUESTION OF ACCURACY OR PRESENTATION OF RELEVANT DOCUMENTS,
REQUEST FOR TRANSFER HONORED WITHIN 30 DAYS.

3. IN ORDER CONSERVE SCARCE FOREIGN EXCHANGE RESERVES, TANGOV
IN RECENT YEARS HAS SUSPENDED REMITTANCES OF DIVIDENDS TO NON-
RESIDENT SHAREHOLDER. (CALTEX, ESSO, AND GENERAL TIRE ARE
AFFECTED.) WHEN POSSIBLE, ANGOV HAS STRETCHED OUT DEBT
PAYMENTS. BOT HAS ALSO REFUSED ALLOCATION OF FOREIGN EXCHANGE
ON SOME ORDERS PLACED BY GOVERNMENT-OWNED CORPORATIONS WHEN
THESE ORGANIZATIONS NEGLECTED OBTAIN PRIOR BOT APPROVAL.

4. EXTRAORDINARY OBLIGATIONS CAN ALSO CAUSE PROBLEMS AND
DELAYS IN TRANSFERS. OPIC FAMILIAR WITH PROBLEM OF \$4 MILLION
CONSENT AWARD TO NELLO TEER COMPANY(SEE E.G., STATE 86791
AND 75 DAR ES SALAAM 5513).

5. SHOULD BE NOTED, HOWEVER, THAT BOT HAS EXCELLENT REPUTATION
IN ITS DEALINGS WITH CORRESPONDENTS US COMMERCIAL BANKS, WORLD
BANK, ETC.

6. AFTER MORE THAN QUADRUPLING FROM PRE-1973 LEVELS, TANZANIA'S
IMPORT BILL FOR PETROLEUM HAS REMAINED RELATIVELY STEADY IN RECENT
YEARS DUE TO REDUCED DOMESTIC CONSUMPTION. WE DO NOT
PROJECT ADDITIONAL SUBSTANTIAL INCREASE IN FOREIGN EXCHANGE
COSTS OF ENERGY. SPAIN

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Message Attributes

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